R E P O R T

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY

DECEMBER 31, 2011

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY

DECEMBER 31, 2011

INDEX

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INDEPENDENT AUDITOR'S REPORT

June 22, 2012

Board of Directors
Mirabeau Family Learning Center, Inc.
6251 General Diaz Street, Suite B
New Orleans, Louisiana 70124

We have audited the accompanying statement of financial position of Mirabeau Family Learning Center, Inc. (a nonprofit organization) and its consolidated subsidiary as of December 31, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mirabeau Family Learning Center, Inc. and its consolidated subsidiary as of December 31, 2011, and its changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2012, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditure of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the supplementary information on pages 12 – 15 are presented for purposes of additional analysis and are not required parts of the financial statements. The schedule of expenditures of federal awards and the supplementary information on pages 12 - 15 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the supplementary information on pages 12 - 15 are fairly stated in all material respects in relation to the financial statements taken as a whole.

Duplantier, Hrapmann, Hogan & Maher, LLP

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS:	
Cash (Note 1)	$ 208,470
Accounts receivable:	
Filmore Parc Apartments II (Note 2)	7,076
Smith Square Development (Note 2)	14,464
St. Joe Estates I and II (Note 2)	234,186
Other	1,129
Total current assets	465,325
OTHER ASSETS:	
Loans receivable: (Note 2)	
Filmore Parc Apartments II	1,575,000
MFLC Partners	2,200,000
Interest receivable: (Note 2)	
Filmore Parc Apartments II	210,746
MFLC Partners	297,717
Investment in Filmore Parc Apartments II (Note 2)	167,895
Investment in MFLC Partners (Note 2)	124,981
Total other assets	4,576,339
TOTAL ASSETS	$ 5,041,664

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 190,444
Due to MFLC Partners (Note 2)	3,232
Line of credit (Note 3)	116,318
Total current liabilities	309,994
OTHER LIABILITIES:	
Investment in St. Joe Estates I and II (Note 2)	21
Total other liabilities	21
Total liabilities	310,015
NET ASSETS:	
Unrestricted	4,731,649
TOTAL LIABILITIES AND NET ASSETS	$ 5,041,664

See accompanying notes.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

UNRESTRICTED NET ASSETS:	
REVENUE: (Note 1)	
Donations	$ 25,742
Grant revenue	872,790
Interest income	187,591
Management fee income (Note 2)	1,808
Miscellaneous income	2,810
Total revenue	1,090,741
EXPENSES: (Note 1)	
Program services (Page 5)	1,033,585
Administrative and general (Page 5)	18,571
Total expenses	1,052,156
INCREASE IN UNRESTRICTED NET ASSETS	38,585
Net assets at beginning of year	4,693,064
NET ASSETS AT END OF YEAR	$ 4,731,649

See accompanying notes.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services	Administrative and General	Total
EXPENSES:			
Accounting	$ 18,992	$ 1,516	$ 20,508
Advertising	1,055	-	1,055
Contributions	9,475	-	9,475
Dues and subscriptions	534	-	534
Housing assistance expense	823,314	-	823,314
Insurance	1,621	129	1,750
Interest	-	5,246	5,246
Loss from investments in partnerships	49	-	49
Miscellaneous	354	28	382
Payroll taxes and benefits	26,411	2,109	28,520
Postage	275	22	297
Professional services	26,241	-	26,241
Project costs	6,000	-	6,000
Rent	3,612	288	3,900
Repairs and maintenance	28	2	30
Salaries	108,032	8,625	116,657
Supplies	3,782	302	4,084
Telephone and utilities	3,733	298	4,031
Travel	77	6	83
TOTAL EXPENSES	$ 1,033,585	$ 18,571	$ 1,052,156

See accompanying notes.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	$ 38,585
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Net loss from investments in partnerships	49
(Increase) decrease in operating assets:	
Accounts receivable - Filmore Parc Apartments II	237,233
Accounts receivable - MFLC Partners	160,194
Accounts receivable - Smith Square Development	(1,808)
Accounts receivable - Other	375
Interest receivable	(187,591)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued liabilities	1,671
Due to Vales Development, L.L.C.	(633,831)
Due to MFLC Partners	3,232
Interest payable - Vales Development, L.L.C.	(74,270)
Net cash used by operating activities	(456,161)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	160,069
Payments on line of credit	(43,751)
Net cash provided by financing activities	116,318
NET DECREASE IN CASH AND CASH EQUIVALENTS	(339,843)
Cash and cash equivalents - beginning of year	548,313
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 208,470
SUPPLEMENTARY CASH FLOW INFORMATION:	
Cash was paid for the following:	
Interest	$ 5,246
Income taxes	$ -

See accompanying notes.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NATURE OF OPERATIONS:

Mirabeau Family Learning Center, Inc. (the Center) is a neighborhood-based nonprofit organization committed to strengthening personal, family and neighborhood self-reliance by providing education, training, affordable housing and support services to residents of New Orleans, Louisiana. The primary sources of revenue are federal grant income and fees related to its affordable housing services.

The Center's subsidiary, MFLC Development, L.L.C., is a limited liability company formed to provide affordable housing development. Its primary source of revenue is development fee income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Mirabeau Family Learning Center, Inc. and its consolidated subsidiary conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to nonprofit organizations. The following is a summary of significant policies:

Principles of Consolidation:

The consolidated financial statements include the accounts of Mirabeau Family Learning Center, Inc. and its wholly-owned subsidiary, MFLC Development, L.L.C. All material inter-organization transactions have been eliminated.

Basis of Presentation:

The statement of activities presents expenses functionally between program services, fundraising and administrative. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

The Center is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Basis of Accounting:

The financial statements reflect the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they become due. Expenses are recognized in the period in which the related liability is incurred.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Statements of Cash Flows:

For purposes of the statement of cash flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Services:

No amounts have been reflected in the statements for donated services, as no objective basis is available to measure the value of such services.

Investments in Partnerships:

The Center's investments in various partnerships are accounted for on the equity method of accounting (cost, adjusted for the income or loss of the partnership).

2. RELATED PARTY TRANSACTIONS:

The Center and its consolidated subsidiary engaged in transactions during 2011 with the following related parties:

MFLC Partners, ALPIC

The Center is the managing general partner with an ownership percentage of .01% in MFLC Partners, ALPIC. At December 31, 2011, the Center had an investment in MFLC Partners of $124,981. In 2011, the Center incurred a loss of $25 from its investment in MFLC Partners.

At December 31, 2011, $3,232 was due to MFLC Partners from the Center for various items.

During 2011, the Center provided $569,233 of housing assistance to tenants residing in the apartment complex owned by MFLC Partners.

In 2009, the Center executed an Act of Mortgage and a promissory note with MFLC Partners in the amount of $2,200,000. The loan bears interest at 4.58%, compounded annually, and is due in annual installments of principal and interest if there is sufficient cash flow as defined in the Amended and Restated Agreement of Limited Partnership of MFLC Partners. In no event will the outstanding principal and interest balances be due later than December 15, 2044. At December 31, 2011, the outstanding principal balance on the loan was $2,200,000 and the outstanding interest balance was $297,717. The Center obtained the funds loaned to MFLC Partners from a federal grant passed through the City of New Orleans. The Center has assigned its rights and interests in the Act of Mortgage to the City of New Orleans.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

2. RELATED PARTY TRANSACTIONS: (Continued)

Filmore Parc Apartments II

The Center is a general partner with an ownership percentage of .01% in Filmore Parc Apartments II. At December 31, 2011, the Center's investment in Filmore Parc Apartments II was $167,895. In 2011, the Center incurred a loss of $18 from its investment in Filmore Parc Apartments II.

At December 31, 2011, $7,076 was due to the Center from Filmore Parc Apartments II for various items.

During 2010, the Center provided $252,584 of housing assistance to tenants residing in the apartment complex owned by Filmore Parc Apartments II.

In 2009, the Center executed an Act of Mortgage and a promissory note with Filmore Parc Apartments II in the amount of $1,575,000. The loan bears interest at 4.58%, compounded annually and is due in annual installments of principal and interest if there is sufficient cash flow as defined in the Amended and Restated Agreement of Limited Partnership of Filmore Parc Apartments II. In no event will the outstanding principal and interest balances be due later than December 15, 2044. At December 31, 2011, the outstanding principal balance on the loan was $1,575,000 and the outstanding interest balance was $210,746. The Center obtained the funds loaned to Filmore Parc Apartments II from a federal grant passed through the City of New Orleans. The Center has assigned its rights and interests in the Act of Mortgage to the City of New Orleans.

Smith Square Development, ALPIC

The Center is the managing general partner with a .001% ownership interest in Smith Square Development, ALPIC. At December 31, 2011, the Center's investment in Smith Square Development was $0. The Center incurred no income or loss during 2011 from its investment in Smith Square Development.

The Center performs management services for Smith Square Development. In 2011, the Center earned management fee income of $1,808. At December 31, 2011, $14,464 was due to the Center from Smith Square Development for management fees incurred in 2011 and prior years.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

2. RELATED PARTY TRANSACTIONS: (Continued)

Vales Development, L.L.C.

The Executive Director of the Center is the sole member of Vales Development, L.L.C. During 2011, $708,101 was paid to Vales Development, L.L.C. in satisfaction of amounts incurred prior to 2011 for development services and predevelopment expenses related to the Center's affordable housing projects and accrued interest on such amounts.

St. Joe Estates I and II

MFLC Development, L.L.C. (the Center's wholly-owned subsidiary) is a limited partner with a .001% ownership interest in both St. Joe Estates I and II. At December 31, 2011, MFLC Development, L.L.C.'s investment in St. Joe Estates I and II was $(21). MFLC Development, L.L.C. incurred a loss of $6 during 2011 from its investment in St. Joe Estates I and II.

MFLC Development, L.L.C. was the developer for the St. Joe Estates I and II affordable housing projects. At December 31, 2011, St. Joe Estates I and II owed $227,564 to MFLC Development, L.L.C. for development fees earned prior to 2011.

At December 31, 2011, $6,622 was due to the Center from St. Joe Estates I and II for reimbursement of various expenses.

3. LINE OF CREDIT:

The Center has a $225,000 line of credit with Whitney National Bank. The line of credit is due on May 8, 2012 and bears interest at a variable rate, which was 4.5% at December 31, 2011. The line of credit is collateralized by a security interest in property of the Center. At December 31, 2011, there was a balance due of $116,318 on the line of credit.

4. USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

5. INCOME TAXES:

The Mirabeau Family Learning Center, Inc. is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. MFLC Development, L.L.C. was formed as a Limited Liability Corporation. Since it is wholly owned by the Center and furthers the Center's exempt purpose, the net income of MFLC Development, L.L.C. is included in the Center's exempt income tax return and is also exempt from federal income tax.

6. CONCENTRATIONS:

During December 31, 2011, the Center's main source of revenue was government grants. A significant reduction in the level of this support may have an effect on the Center's programs and activities.

7. OFFICE RENT:

The Center rented office space on a month-to-month basis through June 2011. Total rent expense for 2011 was $3,900.

9. SUBSEQUENT EVENTS:

The date to which events occurring after December 31, 2011, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is June 22, 2012, which is the date on which the financial statements were available to be issued. There were no significant subsequent events found as a result of the evaluation.

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2011

	Mirabeau Family Learning Center, Inc.	MFLC Development, L.L.C.	Eliminations	Total
CURRENT ASSETS:				
Cash and cash equivalents	$ 208,470	$ -	$ -	$ 208,470
Accounts receivable:				
Filmore Parc Apartments II	7,076	-	-	7,076
MFLC Development, LLC	140,955	-	(140,955)	-
Smith Square Development	14,464	-	-	14,464
St. Joe Estates I and II	6,622	227,564	-	234,186
Other	1,129	-	-	1,129
Total current assets	378,716	227,564	(140,955)	465,325
OTHER ASSETS:				
Loans receivable:				
Filmore Parc Apartments II	1,575,000	-	-	1,575,000
MFLC Partners	2,200,000	-	-	2,200,000
Interest receivable:				
Filmore Parc Apartments II	210,746	-	-	210,746
MFLC Partners	297,717	-	-	297,717
Investment in Filmore Parc Apartments II	167,895	-	-	167,895
Investment in MFLC Partners	124,981	-	-	124,981
Total other assets	4,576,339	-	-	4,576,339
TOTAL ASSETS	$ 4,955,055	$ 227,564	$ (140,955)	$ 5,041,664
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$ 190,444	$ -	$ -	$ 190,444
Due to MFLC Partners	3,232	-	-	3,232
Due to Mirabeau Family Learning Center, Inc.	-	140,955	(140,955)	-
Notes payable	116,318	-	-	116,318
Total current liabilities	309,994	140,955	(140,955)	309,994
OTHER LIABILITIES:				
Investments:				
St. Joe Estates I and II	-	21	-	21
MFLC Development, L.L.C.	4,859	-	(4,859)	-
Total other liabilities	4,859	21	(4,859)	21
TOTAL LIABILITIES	314,853	140,976	(145,814)	310,015
NET ASSETS:				
Unrestricted	4,640,202	86,588	4,859	4,731,649
TOTAL LIABILITIES AND NET ASSETS	$ 4,955,055	$ 227,564	$ (140,955)	$ 5,041,664

MIRABEAU FAMILY LEARNING CENTER, INC
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Mirabeau Family Learning Center, Inc.	MFLC Development, L.L.C.	Eliminations	Total
UNRESTRICTED NET ASSETS:				
REVENUE:				
Donations	$ 25,742	$ -	$ -	$ 25,742
Grant revenue	872,790	-	-	872,790
Interest income	187,591	-	-	187,591
Management fee income	1,808	-	-	1,808
Miscellaneous income	2,810	-	-	2,810
Total revenue	1,090,741	-	-	1,090,741
EXPENSES:				
Accounting	20,508	-	-	20,508
Advertising	1,055	-	-	1,055
Contributions	9,475	-	-	9,475
Dues and subscriptions	534	-	-	534
Housing assistance expense	823,314	-	-	823,314
Insurance	1,750	-	-	1,750
Interest	5,246	-	-	5,246
Loss from investments in partnerships	43	6	-	49
Miscellaneous	382	-	-	382
Payroll taxes and benefits	28,520	-	-	28,520
Postage	297	-	-	297
Professional services	26,241	-	-	26,241
Project costs	6,000	-	-	6,000
Rent	3,900	-	-	3,900
Repairs and maintenance	30	-	-	30
Salaries	116,657	-	-	116,657
Supplies	4,084	-	-	4,084
Telephone and utilities	4,031	-	-	4,031
Travel	83	-	-	83
Total expenses	1,052,150	6	-	1,052,156
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	38,591	(6)	-	38,585
Net assets at beginning of year	4,601,611	86,594	4,859	4,693,064
NET ASSETS (DEFICIT) AT END OF YEAR	$ 4,640,202	$ 86,588	$ 4,859	$ 4,731,649

MIRABEAU FAMILY LEARNING CENTER, INC.
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF FINANCIAL POSITION -
MIRABEAU FAMILY LEARNING CENTER, INC.
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Learning Center Fund	Real Estate Fund	Eliminations	Total
CURRENT ASSETS:					
Cash and cash equivalents	$ 183,270	$ 25,200	$ -	$ -	$ 208,470
Accounts receivable:					
Filmore Parc Apartments II	6,197	-	879	-	7,076
MFLC Development, LLC	149,597	-	-	(8,642)	140,955
MFLC Partners	-	-	7,866	(7,866)	-
Smith Square Development	-	-	14,464	-	14,464
St. Joe Estates I and II	6,622	-	-	-	6,622
Other	1,129	-	-	-	1,129
Due from other funds	85,481	9,900	671,411	(766,792)	-
Total current assets	432,296	35,100	694,620	(783,300)	378,716
OTHER ASSETS:					
Loans receivable					
Filmore Parc Apartments II	-	-	1,575,000	-	1,575,000
MFLC Partners	-	-	2,200,000	-	2,200,000
Interest receivable					
Filmore Parc Apartments II	-	-	210,746	-	210,746
MFLC Partners	-	-	297,717	-	297,717
Investment in Filmore Parc Apartments II	-	-	167,895	-	167,895
Investment in MFLC Partners	-	-	124,981	-	124,981
Total other assets	-	-	4,576,339	-	4,576,339
TOTAL ASSETS	$ 432,296	$ 35,100	$ 5,270,959	$ (783,300)	$ 4,955,055
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	$ 190,444	$ -	$ -	$ -	$ 190,444
Due to MFLC Partners	11,098	-	-	(7,866)	3,232
Due to MFLC Development, LLC	-	-	8,642	(8,642)	-
Due to other funds	681,311	85,481	-	(766,792)	-
Notes payable	116,318	-	-	-	116,318
Total current liabilities	999,171	85,481	8,642	(783,300)	309,994
OTHER LIABILITIES:					
Investments:					
MFLC Development, L.L.C.	-	-	4,859	-	4,859
Total other liabilities	-	-	4,859	-	4,859
TOTAL LIABILITIES	999,171	85,481	13,501	(783,300)	314,853
NET ASSETS (DEFICIT):					
Unrestricted	(566,875)	(50,381)	5,257,458	-	4,640,202
TOTAL LIABILITIES AND NET ASSETS	$ 432,296	$ 35,100	$ 5,270,959	$ (783,300)	$ 4,955,055

MIRABEAU FAMILY LEARNING CENTER, INC
AND ITS CONSOLIDATED SUBSIDIARY
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF ACTIVITIES -
MIRABEAU FAMILY LEARNING CENTER, INC
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Learning Center Fund	Real Estate Fund	Total
UNRESTRICTED NET ASSETS:				
REVENUE:				
Donations	$ -	$ 25,742	$ -	$ 25,742
Grant revenue	-	12,000	860,790	872,790
Interest income	-	-	187,591	187,591
Management fee income	-	-	1,808	1,808
Miscellaneous income	828	440	1,542	2,810
Total revenue	828	38,182	1,051,731	1,090,741
EXPENSES:				
Accounting	19,748	760	-	20,508
Advertising	1,055	-	-	1,055
Contributions	-	9,475	-	9,475
Dues and subscriptions	267	267	-	534
Housing assistance expense	-	-	823,314	823,314
Insurance	1,750	-	-	1,750
Interest	2,451	-	2,795	5,246
Loss from investments in partnerships	-	-	43	43
Miscellaneous	44	338	-	382
Payroll taxes and benefits	9,549	18,971	-	28,520
Postage	224	73	-	297
Professional services	4,691	21,550	-	26,241
Project costs	6,000	-	-	6,000
Rent	3,900	-	-	3,900
Repairs and maintenance	-	30	-	30
Salaries	86,249	30,408	-	116,657
Supplies	1,032	3,052	-	4,084
Telephone and utilities	461	3,570	-	4,031
Travel	14	69	-	83
Total expenses	137,435	88,563	826,152	1,052,150
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(136,607)	(50,381)	225,579	38,591
Net assets (deficit) at beginning of year	(430,268)	-	5,031,879	4,601,611
NET ASSETS (DEFICIT) AT END OF YEAR	$ (566,875)	$ (50,381)	$ 5,257,458	$ 4,640,202

DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

June 22, 2012

Board of Directors
Mirabeau Family Learning
Center, Inc.

We have audited the financial statements of Mirabeau Family Learning Center, Inc. (the Center) as of and for the year ended December 31, 2011 and have issued our report thereon dated June 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

<u>Internal Control Over Financial Reporting</u>

Management of the Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis.

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www.dhhmcpa.com

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Board of Directors and management of Mirabeau Family Learning Center, Inc., and the Legislative Auditor of the State of Louisiana and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

June 22, 2012

Board of Directors
Mirabeau Family Learning
Center, Inc.

Compliance

We have audited the compliance of Mirabeau Family Learning Center, Inc. (the Center), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended December 31, 2011. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with those requirements.

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In our opinion, Mirabeau Family Learning Center, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

The management of the Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors and management of Mirabeau Family Learning Center, Inc. and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Duplantier, Hrapmann, Hogan & Maher, LLP

MIRABEAU FAMILY LEARNING CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal CFDA Number	Grant No.	Program Title	Expenditures
U.S. Department of Housing and Urban Development			
Passed through the City of New Orleans:			
14.182	None	Section 8 - New Construction and Substantial Rehabilitation	$ 821,817

MIRABEAU FAMILY LEARNING CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Schedule of Expenditures of Federal Awards of Mirabeau Family Learning Center, Inc. has been prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are recognized when incurred.

2. DETERMINATION OF TYPE A AND B PROGRAMS:

Federal awards programs are classified as either Type A or Type B programs. For the year ended December 31, 2011, Type A programs consist of the federal programs that expended over $300,000 and Type B programs are the programs that expended under $300,000.

MIRABEAU FAMILY LEARNING CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

* Material weakness(es) identified?	___ yes	X no
* Control deficiencies identified that are not considered to be material weaknesses?	___ yes	X none reported

Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards:

Internal control over major programs:

* Material weakness(es) identified?	___ yes	X no
* Control deficiencies identified that are not considered to be material weaknesses?	___ yes	X none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	___ yes	X no

Identification of major program:

Name of Program	CFDA No.	Expenditures
Section 8 - New Construction and Substantial Rehabilitation	14.182	$ 821,817

Dollar threshold used to distinguish between Type A and Type B programs: $ 300,000

Auditee qualified as low-risk auditee?	X yes	___ no

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENTAL AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

NONE

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

NONE

MIRABEAU FAMILY LEARNING CENTER, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

PRIOR AUDIT FINDINGS:

NONE